

City of Bellevue



STAFF REPORT

DATE: December 17, 2020

TO: Chair Moolgavkar and Members of the Planning Commission

FROM: Trisna Tanus, Consulting Attorney, 452-2970
Nick Whipple, Senior Planner, 452-4578
Development Services Department

SUBJECT: Public Hearing on a Land Use Code Amendment (LUCA) to establish provisions in the Land Use Code (LUC) Chapter 20.45A Platting and Subdivisions and Chapter 20.45B Short Plats and Short Subdivisions for Unit Lot Subdivisions within Land Use Districts where multifamily development is currently allowed. File No. 20-105150-AD.

I. BACKGROUND

A. Purpose of the Proposed LUCA

The proposed LUCA is to establish Unit Lot Subdivisions in the City to allow for individual townhouse units to be owned in fee simple. Fee simple ownership means absolute title in improvements of the townhouse unit and the land.

Currently, townhouses may be constructed in the City as a Planned Unit Development (PUD) or as multifamily development. A PUD may be located in single-family or multifamily Land Use District, and may accommodate fee ownership. However, a PUD is often utilized when there is a need for special development features due to critical areas and entails its own specialized process. Secondly, when townhouses are built as multifamily development, the individual townhouse unit may only be owned as condominiums.

In creating a new type of subdivision that is expected to increase development of townhouses in the City, this LUCA is responding to the City's Affordable Housing Strategy (AHS). In adopting the AHS in 2017, the City Council has affirmed an interest in creating a variety of housing choices (Strategy B) that appeal to people at different income levels and life stages. Providing a broad range of homeownership opportunities, including fee simple townhouses, promotes mixed-income neighborhoods, allows for a diversity of housing types, and increases available choices for all economic segments of the population.

The development community, including the Master Builders Association of King and Snohomish Counties (MBA), has reported barriers related to construction and/or mortgage financing associated with townhouse development under the City's current regulations. The MBA has expressed a desire for the City to adopt the Unit Lot Subdivision structure, consistent with several cities in the region. Unit Lot Subdivisions are typically used to produce townhouses, which are more likely to be smaller and less expensive than detached single-family homes.

The City has significant zoning capacity for housing development and this multifamily housing type specifically. However, construction and mortgage financing barriers can limit supply and

place upward pressure on home prices. Unit Lot Subdivisions help mitigate these barriers so that developers are encouraged to build townhouses in the City, thereby increasing the overall housing supply, broadening homeownership opportunities, and strengthening the local economy.

B. Proposed LUCA

The proposed LUCA will add a new subsection in two chapters of the LUC, 20.45A.065 (special requirements for unit lot subdivisions) and 20.45B.057 (special requirements for unit lot short subdivisions). The two subsections would apply exclusively to the unit lot subdivision of land proposed to be developed with attached multifamily dwellings in any Land Use District that multifamily dwellings are permitted. A strike-draft of the proposed LUCA is provided as Attachment A.

The LUCA provides that within a Unit Lot Subdivision, development standards, such as setbacks, lot coverage by structure, impervious surface coverage, and minimum lot area, are applied to the overall site or the "parent" lot, instead of the individual unit lots. Once a Unit Lot Subdivision is recorded with King County and construction of the townhouses is complete, the Unit Lot Subdivision of townhouses will have the same appearance as a townhouse development allowed by current zoning requirements. The only difference is that the Unit Lot Subdivision will allow the individual townhouse units to be owned in fee simple.

Notably, this LUCA will not eliminate townhouse development as a PUD or multifamily condominiums, nor amend any provision applicable to those types of development. This LUCA will only provide for development of townhouses in Land Use Districts that multifamily dwellings are permitted through a Unit Lot Subdivision so that these townhouses may be owned in fee simple.

II. REVIEW PROCESS

In the December 9 Study Session, the proposed Unit Lot Subdivision LUCA was introduced to the Planning Commission for review and discussion. After discussion, the Planning Commission directed staff to schedule the required public hearing for January 13. Following the public hearing on January 13, the Planning Commission will be asked to make a recommendation for transmittal to the City Council for final action.

The City Council is anticipated to consider the Unit Lot Subdivision LUCA and the Planning Commission Recommendation on February 1, and may take final action on February 22.

The EBCC is anticipated to be introduced to and hold a courtesy public hearing on the Unit Lot Subdivision LUCA on February 2. The EBCC is tentatively scheduled to hold a public hearing and make an approval/disapproval decision on March 2.

III. STATE ENVIRONMENTAL POLICY ACT (SEPA)

The application for SEPA review was noticed together with the draft LUCA and the notice of application on December 3, 2020. The environmental review indicates no probability of significant adverse environmental impacts occurring as a result of the proposal to amend the

Land Use Code to allow for unit lot subdivisions. A Determination of Non-significance (DNS) is issued pursuant to the threshold determination requirements in WAC 197-11-310.

IV. PUBLIC ENGAGEMENT

Required Public Notice

The notice required for City Council Legislative Actions (Process IV) is governed by LUC 20.35.415 through 20.35.450. Notice of the LUCA application, including notice of the SEPA, was published in the Weekly Permit Bulletin on December 3, 2020, and availability of the Weekly Permit Bulletin was noticed in the Seattle Times. Notice of the Public Hearing and Final SEPA Threshold Decision was published in the Weekly Permit Bulletin on December 17, along with availability of this staff report. The notice of public hearing was also provided to members of the EBCC and those individuals who have subscribed to receive these notices and those who have expressed interest on this topic.

Department of Commerce Notice

Pursuant to the Washington State Growth Management Act, proposed amendments to the LUC must be sent to the Washington State Department of Commerce to review and comment on the proposed amendments to the LUC. The required notice to the Department of Commerce and the initial draft LUCA were transmitted on November 17, 2020, and a copy of both documents is available for review in the code amendment file. The LUCA is identified by Commerce as ID_2020-S-2028. No comments have been received by Commerce as of the date of this report.

Enhanced Public Notice

In addition to the requirements of LUC 20.35.415 *et seq* for City Council Legislative Actions, staff has provided enhanced public outreach for this LUCA to include an online presence. A webpage was launched for this LUCA to provide opportunity for the public to learn about the LUCA, with sections on public information messages regarding the LUCA progression, and staff contact information to submit written comments.

Public Comments

As of the date of this staff report, staff has received two email inquiries, primarily seeking clarification on the proposed amendments.

V. DECISION CRITERIA

LUC 20.30J.135 establishes the decision criteria for an application to amend the text of the LUC. Those criteria, and the relationship of these proposed amendments to them, are discussed below:

A. The amendment is consistent with the Comprehensive Plan; and

Finding: The proposed LUCA is consistent with the Comprehensive Plan. The amendment will help minimize construction and mortgage financing barriers related to townhouse

development, broaden homeownership opportunities in the City, and encourage the construction of multifamily housing, thus strengthening the local economy. The LUCA also will expand housing choices that appeal to people at different income levels and life stages. The proposed code amendment is supported by the following Comprehensive Plan policies:

Policy HO-11. Encourage housing opportunities in mixed residential/ commercial settings throughout the city

Policy HO-12. Provide incentives to encourage residential development for a range of household types and income levels in multifamily and mixed use commercial zones.

Policy HO-17. Evaluate the housing cost and supply implications of proposed regulations and procedures.

Policy LU-15. Provide, through land use regulation, the potential for a broad range of housing choices to meet the changing needs of the community.

B. The amendment enhances the public health, safety or welfare; and

Finding: The amendment will enhance the public health, safety and welfare of people by encouraging the availability of housing choices and contributing to a variety of residential densities and housing types in the City.

C. The amendment is not contrary to the best interest of the citizens and property owners of the City of Bellevue.

Finding: The amendment is not contrary to the interests of citizens and property owners of the City as it will continue to allow for multifamily development in land use districts where this development type is currently allowed, and expand homeownership opportunities through the allowance of fee simple townhouse developments.

VI. RECOMMENDATION

Staff has concluded that the Unit Lot Subdivision LUCA to establish provisions for Unit Lot Subdivisions in LUC Chapter 20.45A Platting and Subdivisions and Chapter 20.45B Short Plats and Short Subdivisions, as drafted in Attachment A, is consistent with the decision criteria required for adoption of amendments to the text of the LUC, pursuant to Part 20.30J LUC. Staff recommends that the Planning Commission direct staff to prepare the LUCA for recommendation to Council.

ATTACHMENTS:

A. Proposed Unit Lot Subdivision LUCA Strike-Draft